

# Privatization Overview

---



---

Major Gary Singler  
HQ AF/ILEIP  
22 Oct 1998



# Overview

---

- Background
- Housing Privatization
- Privatization Locations



# **Air Force Family Housing Assets**

---

- Owns 110,000 units
- Average age is 35 years; one fourth are at least 40 years old
- Majority built 1949-1962 under Wherry and Capehart Acts
- Well maintained, but relatively little whole-house renovation



## **Family Housing Challenge**

---

- **59,000 units require improvement/replacement**
  - **Floor space, garages, number of bathrooms, etc.**
  - **Electrical, plumbing, mechanical systems**
  - **Over 26 years to fix the problem at present rate of investment**
- **Forecast deficit of over 13,000 units in 1999**
- **Defense Planning Guidance calls for the Services to revitalize or divest their housing inventories by 2010**



## **Family Housing Principles**

---

- **Provide access to safe and affordable housing for our members**
- **Depend on local communities first for housing**
- **Use housing privatization authorities provided in the 1996 Defense Authorization Act as a tool to accelerate the 26 year buy-out of the renovation and replacement requirement**



## Privatization Definition

---

- **Privatization** Is the transfer of control of a target business activity and associated assets to a public or private sector entity; characterized by the shift of responsibility to such an entity for the fundamental, long-term financial investment required to sustain the privatized activity



## **New Housing Authorities**

---

### **National Defense Authorization Act for 1996**

Provided a wide variety of new authorities that allow for privatization in helping to meet our housing needs

- **Direct loans**
- **Loan guarantees**
- Leasing of housing to be constructed
- Investment in non-governmental entities
- Interim leases
- **Waiver of space limits**
- Collateral incentive agreements
- Rental guarantees
- Subsidized rents
- **Supporting facilities**
- Disposal process waiver
- **Pay rent By allotment**



# **Housing Project Characteristics**

---

- **Can be on or off base**
- **Allows merger of government and private investment**
- **Private ownership, management and maintenance**
- **Constructed to local market standards**
- **Needs to show long term economic advantage in comparison to traditional MILCON**





# Housing Privatization Process

---



- **Completed identification process**
- **Project definition phase is nearly complete**
  - **Incorporate feedback from industry forum**
  - **Gain approval to release solicitation documents**



# Privatization Family Housing Candidates

ELMENDORF AFB



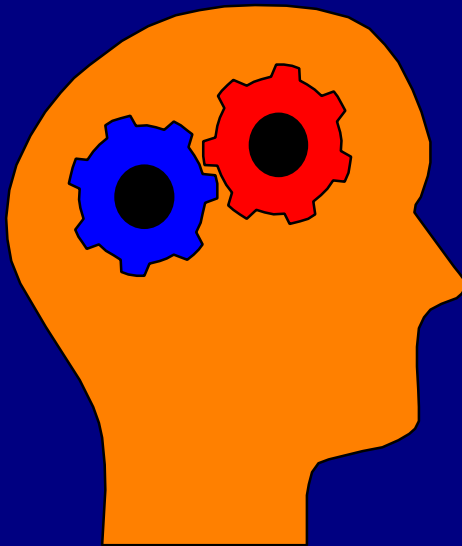
MT HOME AFB

WRIGHT-  
PATTERSON AFB



## Thoughts & Observations

---



- Many stakeholders who want program success
  - Congress, OSD, AF, private sector, members, communities
- Housing Privatization presents a win- win opportunity for all
- Teamwork is important
  - Your ideas & comments are important

# Privatization Overview

---



---

**Major Gary Singler**  
**HQ AF/ILEIP**  
**22 Oct 1998**